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DEMOCRACY  
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The House of Representatives voted today to stop funding President Reagan's fledgling initiative to teach American-style democratic ways in Central America and elsewhere around the world.

An unusual combination of moderate, liberal and conservative Republicans and Democrats of all ideological persuasions voted 226-173 for an amendment to kill \$31.3 million in new funds for the National Endowment for Democracy.

"There is a great chance the CIA will get involved in the expenditure of these funds," said New York Democrat Richard Ottinger, who offered the amendment to a \$10.8 billion funding bill that passed for the State, Commerce and Justice Departments.

The controversial agency has been accused in reports of helping Nicolas Ardito Barletta defeat former Panamanian President Arnulfo Arias in the May 6 election.

The agency, created last year, was first suggested by President Reagan in a speech to the British Parliament two years ago as a way to teach American political methods, trade unionism and free market principles around the world.

Congress last year gave the agency \$18 million to operate through this October 1. The money flows through four non-government organizations, the Republican and Democratic parties, the AFL-CIO labor confederation and the U.S. Chamber of Commerce.

The bill without the Democracy unit's funding goes to the Senate which may revive the agency again. Its fate would then rest with a conference committee of the House and Senate.

The Democracy agency roused spirited debate with critics arguing that political parties have no business getting government funds to influence other countries' politics.

On the Panama reports, Republican Hank Brown of Colorado said \$20,000 was spent through a U.S. labor group to aid the election of the candidate supported by the military.

Florida Democrat Dan Mica, chairman of a House Foreign Affairs subcommittee, tried unsuccessfully to save the funding by promising a subcommittee investigation of the agency.

Liberal Democrat George Miller of California said, "If they represent the private sector -- let's keep them private."

"This has the seeds of great trouble," said conservative Republican Tom Kindness of Ohio.